

## SIX Swiss Exchange message

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### Launch of SLS

Dear Sir or Madam

We are pleased to inform you about SLS<sup>1</sup> which is scheduled to be launched on 8 July 2011.

SLS allows SIX Swiss Exchange participants to execute block trades efficiently via the existing SIX Swiss Exchange Standard Trading Interface based on mid-point matching, typically achieving significant price improvement and additional savings in market impact costs.

This message provides a general overview of SLS.

### Participation

- SLS is an optional service.
- All participants of SIX Swiss Exchange are able to trade in SLS and activity will be governed by the SIX Swiss Exchange Rule Book and Directives.
- SIX Swiss Exchange participants will be able to access SLS via the existing Standard Trading Interface (STI) of the SWXess platform. For participants using SLS, some minor changes are required to the STI as well as to participants' applications connecting to SWXess. The changes include a new routing instruction, a new trade type code and a new order condition for minimum fills which will enable investors to expose larger blocks without compromising on match sizes.

### Securities

- Initially, equities covering Switzerland, UK, France, Germany and the Netherlands will be available for trading in SLS. In parallel to the introduction of the service, new Rules for the Admittance to Trading of international equity securities on SIX Swiss Exchange have been approved.
- An additional Security Reference Data file will be available via Reference Data Interface (RDI) of the SWXess platform.
- The SIX Swiss Exchange participants have to obtain market information, corporate actions and research on the international securities from their existing channels and Market Data Vendor (MDV) systems.

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<sup>1</sup> SIX Swiss Exchange Liquidnet Service

## Orders and Trades

- Trading in SLS will be possible on SIX Swiss Exchange trading days according to the [SIX Swiss Exchange Trading Calendar](#) whereby trading hours are as follows:
  - securities from Swiss market from 09.00 to 17.20 CET
  - securities from all other markets from 09.00 to 17.30 CET
- SIX Swiss Exchange participants will submit orders via the existing STI selecting the routing instruction "LN" and SWXess will route these orders to SLS. The service will support the following order types and conditions:
  - market or limit;
  - day order only; and
  - minimum fill quantity (optional)
- SLS is a non-displayed trading service, technically operated by Liquidnet Europe Limited having a unique matching engine.
- Orders are executed at the mid-point price, which means the mid-point between the highest real time displayed bid price and lowest displayed ask price in the Primary Reference Market at the time of execution.
- Orders shall be executed against each other and if there are two or more orders on the same side of the SLS order book, they will be executed against an incoming order on the other side. No time priorities will be set. The following rules apply:
  - If the incoming order is the same or larger than the sum of the executable orders on the other side of the order book, these orders will be executed in full. Any remaining order volume from the incoming order will be listed in the SLS order book.
  - If the incoming order is smaller than the sum of the executable orders on the other side of the order book, these orders will be executed up to their individual maximums by means of an equal division of the incoming order volume. Any remaining order volume from the incoming order which cannot be executed in equal parts against executable orders from the other side of the order book will be executed according to time priority.
- If an order cannot be executed or can only be partially executed, the remainder shall remain in the SLS market place unless it is withdrawn or until the end of the trading day. Other order validities remain reserved.
- Minimum Quantity: if MinQty is met with initial execution, the remaining quantity of the order can be executed without prescribing to MinQty requirement.
- Trading continues while a reference price is available from the Primary Reference Market. Trading is interrupted when the Primary Reference Market is interrupted, suspended or closed. In these cases or in the event of a disruption of the SLS matching engine, all open orders will be deleted from the affected SLS order book.
- Trades in securities executed in SLS, are classified as "on exchange off order book" as defined in the Rule Book and are disseminated via the SWXess Market Data Interface (MDI) and SIX Exfeed's Swiss Market Feed (SMF) with trade type code "LN".

## Clearing and Settlement

- Clearing and Settlement of executions will be processed via the existing central counterparties (LCH.Clearnet Limited and SIX x-clear AG). SLS will only facilitate automatic clearing and settlement.
- Manual bilateral settlement (without clearing) will not be supported.
- Transactions in European equities will settle at the domestic CSD for the instrument and against the relevant CCP. Transactions in Swiss products continue to settle in SIX SIS as they do today.
- The settlement cycle for executions in SLS will follow the domestic model:
  - Swiss, French, Dutch and UK markets: 3 business days (T+3)
  - German market: 2 business days (T+2)
- Participants must ensure that for UK securities they instruct Euroclear UK & Ireland (EUI) with the Trade System of Origin (TSO) indicator applicable for SIX Swiss Exchange on all instructions. The TSO code to be used is “H”.
- Clearing and Settlement Standing Instructions must be updated in order that a SIX Swiss Exchange participant can trade in SLS. Additional static data for European markets will be required. Interested participants are kindly requested to contact the Member Services Team.
- The application form “Clearing & Settlement Standing Instructions (CSSI)” has been adapted and is available under the following link:  
[http://www.six-swiss-exchange.com/participants/participation/forms\\_en.html](http://www.six-swiss-exchange.com/participants/participation/forms_en.html)
- Participants should ensure that they have all the necessary arrangements, approvals and, where relevant, executed any additional agreements necessary to support the SLS service as required by their CCP or GCM. Participants should contact their CCP or GCM Relationship Managers in this regard.

## UK Stamp Duty Reserve Tax Relief

- Transactions in relevant UK securities will attract UK Stamp Duty Reserve Tax (SDRT).
- SIX Swiss Exchange has organised the necessary recognition as an approved venue for the purpose of facilitating SDRT relief. SIX Swiss Exchange participants acting as intermediaries can apply for approval from HMRC for relief by completing the form available. Participants who have already gained approval from other venues or have arrangements directly with HMRC still need to complete this form indicating those arrangements. We kindly ask you to return the completed form to Member Services. It is available under this [link](#).

Once approval is given participants will be informed of the effective date. In order for relief to be applied automatically at EUI participants must ensure that they instruct EUI with the Trade System of Origin (TSO) indicator applicable for SIX Swiss Exchange. The TSO is “H”.

## Regulatory Framework

- SLS is operated under Swiss regulation and trading is monitored in real-time by SIX Swiss Exchange. The changes to the Rule Book and Directives can be accessed via the following link:  
[http://www.six-exchange-regulation.com/regulation/participants\\_en.html](http://www.six-exchange-regulation.com/regulation/participants_en.html)

The changes will be effective with production live date.

### Transmission of Data

- SIX Swiss Exchange has engaged Liquidnet Europe Limited as service provider for SLS.
- In this context, the original order information and trade execution data are transmitted, processed and/or stored in the European Union and/or the United States of America.

### Fees

- Fee waiver – participants will benefit from a free-of-charge trading period from the live date until 31 August 2011.

### Further Information and Next Steps

SIX Swiss Exchange is very pleased to offer this new service as we believe it will add significant value for our participants and their clients. For further information on SLS, please refer to the [MSC messages](#) published in the Member Section regarding functional changes, the rollout concept and roadmap for SLS. The changes to the technical specification are available at:

[https://www.six-swiss-exchange.com/member\\_section/it/manuals.html](https://www.six-swiss-exchange.com/member_section/it/manuals.html)

SIX Swiss Exchange is also happy to undertake three way discussions with yourselves and your ISV/ASP to help with the process of expediting your integration. Should you have any questions in this regard, please feel free to contact your Account Manager or ISV/ASP Relationship Manager:

### Participants

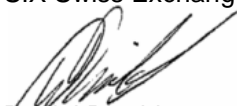
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### ISV / ASPs

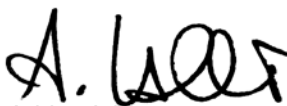
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Kind regards,

SIX Swiss Exchange



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